Providing Stainless Steel Slabs to SSP

405. SHRI DIPANKAR MUKHERJEE: Will the Minister of STEEL be pleased to state:

(a) whether SAIL is contemplating to start a joint venture to provide stainless steel slabs in Salem Steel Plant (SSP); and

(b) if so, what will be the fate of Alloy Steel Plant (ASP), Durgapur which was expanded to make stainless steel slabs for SSP in 1985?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) Yes, Sir.

(b) For improving the viability of Alloy Steel Plant (ASP) a formation of joint venture is contemplated also.

Performance of Rourkela Steel Plant

406. SHRI ANANTA SETHI: Will the Minister of STEEL be pleased to state:

(a) whether the Rourkela Steel Plant has been running in losses;

(b) if so, since when and the reasosn for the losses;

(c) whether Government have made efforts to improve performance of that steel plant;

(d) if so, the progress of the various measures taken in that regard; and

(e) the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) and (b) Rourkela Steel Plant (RSP) has been incurring losses since 1995-96. The major reasons for losses are as under:

(i) Sluggish demand for steel;

(ii) Greater competition from imports & enhanced supplies in domestic markets;

(iii) Increase in input costs;

(iv) Higher interest and depreciation charges on account of capitalisation of expenditure on modernisation and other schemes and also due to higher inventory level.

(c) to (e) Government has been in constant dialogue with Steel Authority of India Limited (SAIL) and has been periodically reviewing the performance

of its plants with a view to increase their competitiveness and efficiency. Measures taken to improve the performance of RSP include.

(i) Modernisation of Rourkela Steel Plant.

(ii) Intensive cost control drive resulting in saving of about Rs.90 crores in 1997-98 & Rs.209 crores in 1998-99.

(iii) Introduction of Voluntary Retirement Scheme (VRS) for employees in 1998 and 1999 resulting in separation of 3343 employees.

(iv) Market oriented production and product-mix

(v) Improvement in techno-economic parameters such as fuel and power consumption.

(vi) Inventory Reduction by Rs.73 crores in 1998-99.

Losses Suffered by Sail

407. SHRI PREM CHAND GUPTA: Will the Minister of STEEL be pleased to state:

(a) Whether it is a fact that SAIL has recorded a loss of Rs.2049 crores during the first 9 months of the current year;

(b) whether this amounts to a massive increase of 156 per cent over Rs.890.2 crores loss last year; and

(c) if so, what are the Government's views on this?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) and (b) Yes, sir. The increase in the loss for the first 9 months of the current year is by 130 per cent over the corresponding period of the last year.

(b) Government has recently approved a plan for business and financial restructuring of SAIL with a view to increase its competitiveness and to turn the company on to a path of profitability.

Fund Crunch in Vizag Steel Company

408. SHRI YADLAPATI VENKAT RAO: Will the Minister of STEEL be pleased to state:

(a) Whether fund crunch has compelled the vizag steel company to drop one steel melting shop and one of the rolling mills; and

†Original notice of the Question was received in Hindi.